ABT, Daily
Price Retrace: 34.0 %
Money Retrace: 34.0 %
12 Jun 2020
50 SMA over 200 SMA
33.30% (87.31)
41.40% (84.19)
Doji candle
105.00
100.00
95.00
90.00
89.02
86.68
85.39
80.00
75.00
70.00
65.00
4.00
2.00
-0.20
-2.00
-4.00
18
24
Mar
9
16
23
Apr
6
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20
27
May
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18
26
Jun
8
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Checklist for the long setup

- ☑ The strength of the rally was confirmed by (i) new higher highs for the last 60 days, (ii) RSI overshooting the upper threshold at 68 level and (iii) MA50 that changed the slope up
- ☑ Price declined into support of the Green Demand channel and RSI held over support level at 40 and confirmed that the move down was corrective rather tand a strong trending move that would overshot the lower threshold at 32
- ☑ Bears were unable to push price under the Green Demand channel
- ☑ We should prefer to buy pullbacks **that are comprised of three moves a down, bup and c down** and/or shaped as a **wedge, flag or pennant**

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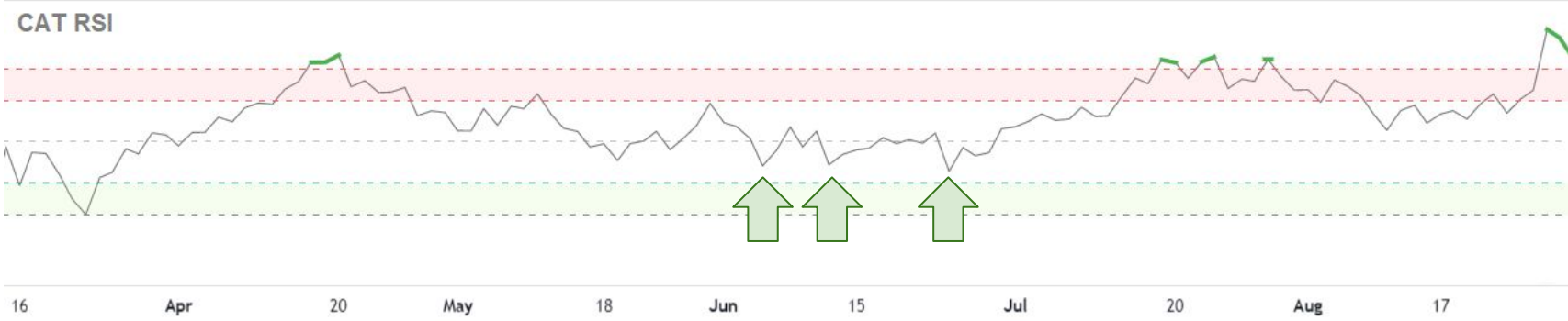
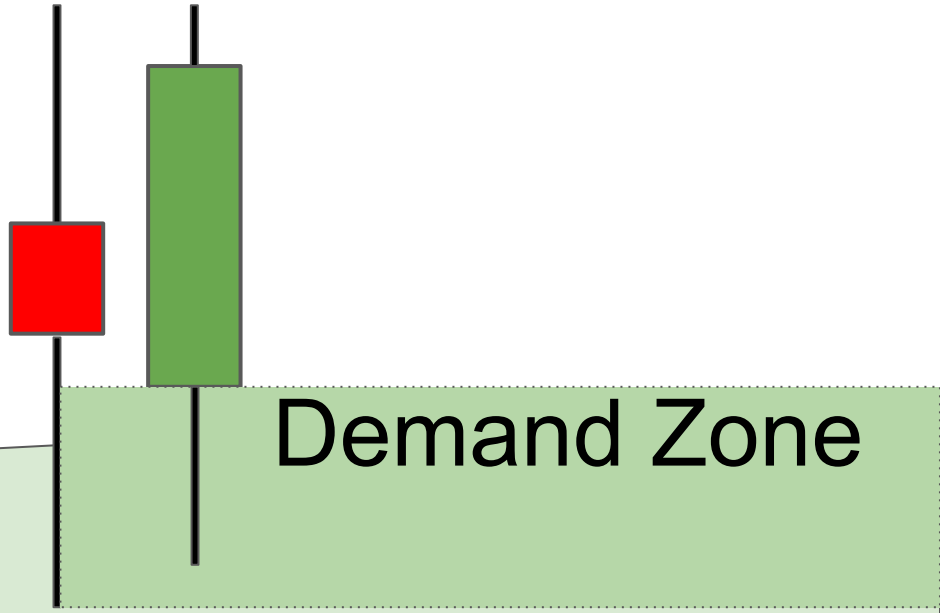
(i) new higher highs for the last 60 days,
(ii) RSI overshooting the upper threshold, and
(iii) MA50 that changed the slope up

ABT Daily chart, May - June 2020



Bullish Engulfing

Two lower tails of a Bullish engulfing reversal pattern together create a lasting Demand Zone that works as support for the following move down

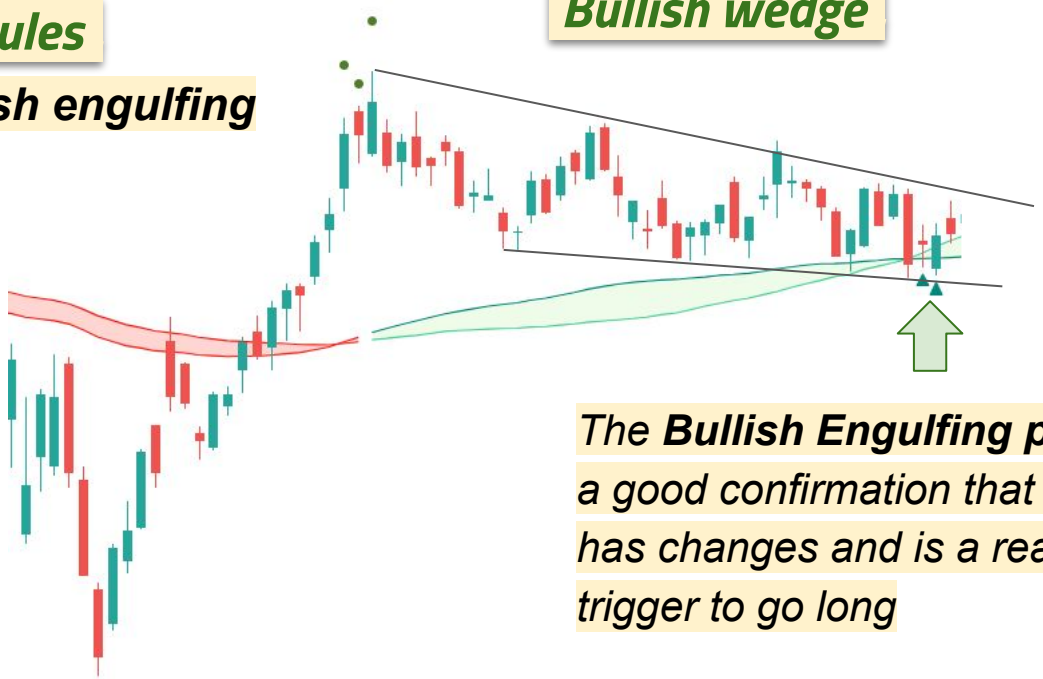


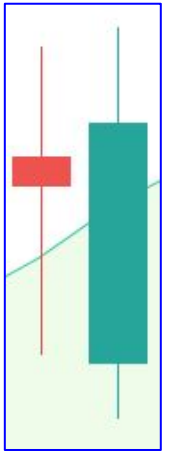
Support of the Green Demand Channel

Entry Rules

#Bullish engulfing

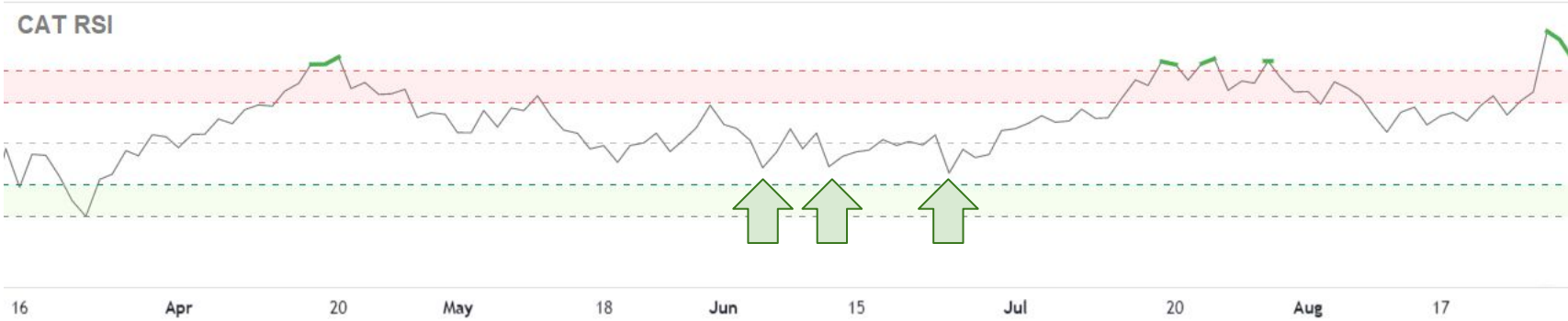
Bullish wedge





*The **Bullish Engulfing pattern** is a good confirmation that trend has changes and is a reasonable trigger to go long*

ABT Daily chart, May - June 2020

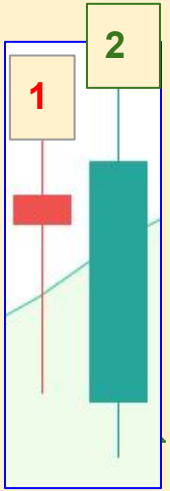


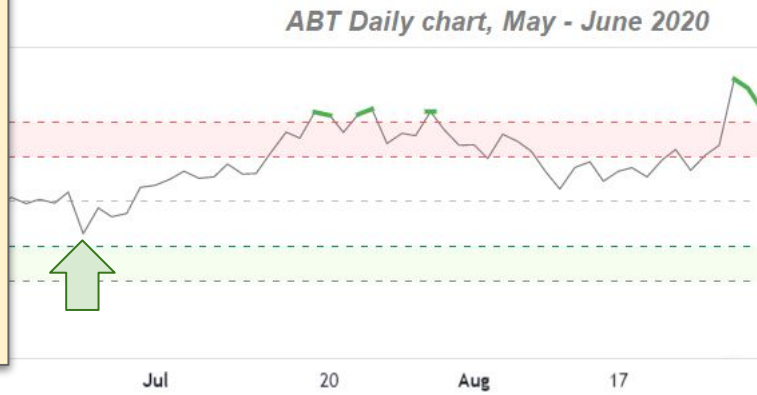
Entry Rules

#Bullish engulfing

Bullish wedge

The Bullish Engulfing pattern is a major reversal pattern comprised of two opposite colored bodies. The Bullish Engulfing Pattern is formed after a prolonged decline. The first day is a ***down day*** *(red candle). The second day is a* ***green day,*** *it opens lower than the previous day's close and closes over the previous day's open. Thus, the green candle completely engulfs the previous day's red candle.*





Entry Rules

#Bullish engulfing

When we buy a stock at close of the day after getting the Bullish Engulfing buy signal we can set a ***Protective Stop*** *under the low of that day. That protects us from unfortunate even when price drops again*

protective stop loss

ABT Daily, May - June 2020

Entry Rules

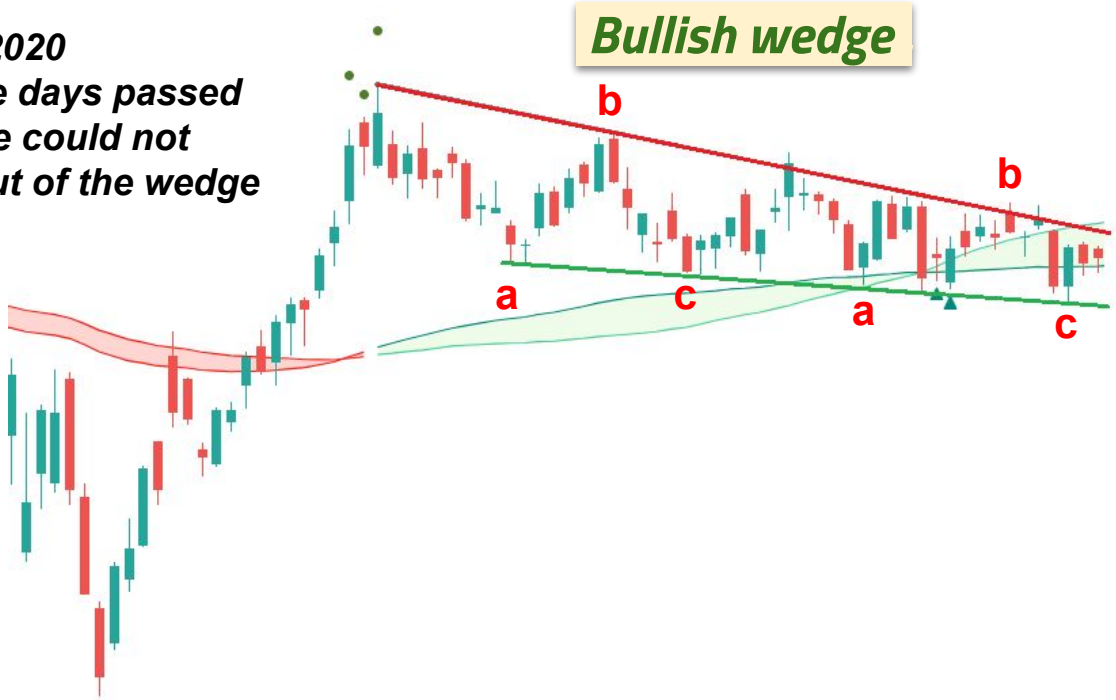
#Bullish engulfing

Entry Rules

#Bullish engulfing

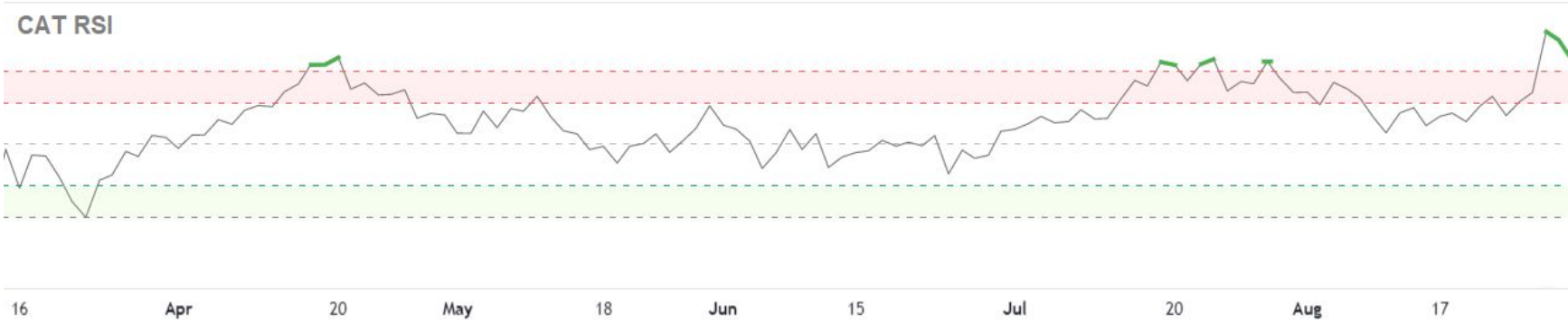
ABT Daily, May - June 2020

29 Jun 2020
six more days passed
but price could not
break out of the wedge



The bullish wedge setup gets triggered when bulls manage to close a daily candle over resistance of the upper trend line

ABT Daily chart, May - June 2020



Takeaways

- Sometimes even a great long setup does not work out as expected. Bulls could have a perfect long setup but they would continue to hesitate. And the longer lasted the preceding decline the longer they would be hesitating waiting for more signs that bearish momentum is dead.
  The price on assets traded in financial markets are driven by sentiment of market participants, traders and investors. Until one party get confident and another party capitulates a sustained accelerated trending move will not start
- If the first entry failed that does not mean a trader should stop watching that setup. We should wait for another entry